



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS
AUDIT EXAMINATION OF THE
MONTGOMERY COUNTY FISCAL COURT**

Fiscal Year Ended June 30, 1998

**EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS
WWW.STATE.KY.US/AGENCIES/APA**

**144 CAPITOL ANNEX
FRANKFORT, KY 40601
TELE. (502) 564-5841
FAX (502) 564-2912**

<u>CONTENTS</u>	PAGE
INDEPENDENT AUDITOR’S REPORT	1
MONTGOMERY COUNTY OFFICIALS	3
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES ARISING FROM CASH TRANSACTIONS.....	7
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES	10
NOTES TO FINANCIAL STATEMENTS	13
COMPARATIVE SCHEDULE OF BUDGETED TO ACTUAL OPERATING REVENUE	19
SCHEDULE OF OPERATING REVENUE	22
COMPARATIVE SCHEDULE OF FINAL BUDGET AND BUDGETED EXPENDITURES.....	33
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	49
COMMENT AND RECOMMENDATION	53
CERTIFICATION OF COMPLIANCE – LOCAL GOVERNMENT ECONOMIC ASSISTANCE AND DEVELOPMENT PROGRAM	



Edward B. Hatchett, Jr.
Auditor of Public Accounts

To the People of Kentucky
Honorable Paul E. Patton, Governor
John P. McCarty, Secretary
Finance and Administration Cabinet
Sarah Jane Schaaf, Secretary, Revenue Cabinet
Honorable B. D. Wilson, County Judge/Executive
Members of the Montgomery County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of assets, liabilities, and fund balances arising from cash transactions of Montgomery County, Kentucky, as of June 30, 1998, and the related statement of cash receipts, cash disbursements, and changes in cash balances for the year then ended. These financial statements are the responsibility of the Montgomery County Fiscal Court. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Fiscal Court Audits issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Montgomery County, Kentucky, prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and laws of Kentucky. Consequently, certain revenues and the related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when a liability is incurred. The cash basis accounting system does not require an entity to maintain a general fixed asset group or a general long-term debt group of accounts. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and fund balances arising from cash transactions of Montgomery County, Kentucky, and the related statement of cash receipts, cash disbursements, and changes in cash balances as of and for the year ended June 30, 1998, in conformity with the cash basis of accounting described above.

To the People of Kentucky
Honorable Paul E. Patton, Governor
John P. McCarty, Secretary
Finance and Administration Cabinet
Sarah Jane Schaaf, Secretary, Revenue Cabinet
Honorable B. D. Wilson, County Judge/Executive
Members of the Montgomery County Fiscal Court

Our audit was performed for the purpose of forming an opinion on the financial statements of Montgomery County, Kentucky, taken as a whole. The information provided on the accompanying schedules is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the financial statements taken as a whole.

Based on the results of our audit, we present the accompanying Comment and Recommendation, included herein, which discusses the following area of noncompliance:

- The County Should Have Required Depository Institutions To Pledge Additional Securities Of \$163,413 As Collateral And Entered Into A Written Agreement To Protect Deposits.

In accordance with Government Auditing Standards, we have also issued our report dated April 12, 1999, on our consideration of Montgomery County, Kentucky's compliance with certain provisions of laws, regulations, contracts, and grants, and internal control over financial reporting.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a stylized flourish at the end.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
April 12, 1999

MONTGOMERY COUNTY OFFICIALS

Fiscal Year Ended June 30, 1998

B. D. Wilson	County Judge/Executive
Paul Cowden	County Attorney
Judy Long Witt	County Clerk
Patty Bromagen	Circuit Court Clerk
Bob Bellamy	Sheriff
DeWayne Myers	Jailer
Jeff Garrison	Property Valuation Administrator
Brenda Mapel	County Treasurer
Wallace Johnson	Coroner
F. M. Sponcil	Commissioner
Tom Prewitt	Commissioner
Dewey Compton	Commissioner

STATEMENT OF ASSETS, LIABILITIES,
AND FUND BALANCES ARISING FROM CASH TRANSACTIONS

MONTGOMERY COUNTY
STATEMENT OF ASSETS, LIABILITIES,
AND FUND BALANCES ARISING FROM CASH TRANSACTIONS

June 30, 1998

Assets and Other Resources

Assets

General Fund:	
Cash	\$ 428,585
Investments	1,450,000
Road and Bridge Fund:	
Cash	7,641
Jail Fund:	
Cash	40,371
Jail Commissary Fund:	
Cash	64,849
Local Government Economic Assistance Fund:	
Cash	39,108
Finneran Property Fund:	
Cash	7,455
Investments	75,000
Health and Civic Center Fund:	
Cash	75,120
Investments	150,000
Emergency Food and Shelter Fund:	
Cash	4,160
Revolving Loan Fund:	
Cash	16,620
Investments	50,000
Fire Acres Fund:	
Cash	173

Other Resources

General Fund:	
Amounts to be Provided in Future Years for Annex Capital	
Lease Obligations	549,451
Jail Fund:	
Amounts to be Provided in Future Years for Jail Capital	
Lease Obligations - Bond Principal Payments	759,017
Total Assets and Other Resources	<u>\$ 3,717,550</u>

The accompanying notes are an integral part of the financial statements.

MONTGOMERY COUNTY
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES
ARISING FROM CASH TRANSACTIONS
June 30, 1998
(Continued)

Liabilities and Fund Balances

Liabilities

General Fund:

Capital Lease Obligation- (Note 5) \$ 549,451

Jail Fund:

Capital Lease Obligation - Bond Principal Payments (Note 4) 759,017

Fund Balances

Reserved:

Jail Commissary Fund 64,849

Finneran Fund 82,455

Health and Civic Center Fund 225,120

Emergency Food and Shelter Fund 4,160

Revolving Loan Fund 66,620

Fire Acres Fund 173

Unreserved:

General Fund 1,878,585

Road and Bridge Fund 7,641

Jail Fund 40,371

Local Government Economic Assistance Fund 39,108

Total Liabilities and Fund Balances \$ 3,717,550

The accompanying notes are an integral part of the financial statements.

STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

MONTGOMERY COUNTY
STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

Fiscal Year Ended June 30, 1998

	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Regional Jail Fund
<u>Cash Receipts</u>				
Schedule of Operating Revenue	\$ 5,690,967	\$ 3,214,032	\$ 926,013	\$ 1,220,155
Transfers In	615,749		450,000	87,500
Kentucky Advance Revenue Program	1,878,740	1,878,740		
Jail Commissary Fund Receipts	95,632			
Total Cash Receipts	<u>\$ 8,281,088</u>	<u>\$ 5,092,772</u>	<u>\$ 1,376,013</u>	<u>\$ 1,307,655</u>
<u>Cash Disbursements</u>				
Comparative Schedule of Final Budget and Budgeted Expenditures	\$ 5,430,528	\$ 2,497,086	\$ 1,392,702	\$ 1,249,987
Transfers Out	615,749	615,749		
Jail Capital Lease Obligation Principal	24,546			24,546
Annex Capital Lease Obligation Principal	66,718	66,718		
Kentucky Advance Revenue Program Repaid	1,878,740	1,878,740		
Jail Commissary Fund Expenditures	93,145			
Total Cash Disbursements	<u>\$ 8,109,426</u>	<u>\$ 5,058,293</u>	<u>\$ 1,392,702</u>	<u>\$ 1,274,533</u>
Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements	\$ 171,662	\$ 34,479	\$ (16,689)	\$ 33,122
Cash Balance - July 1, 1997*	<u>2,237,420</u>	<u>1,844,106</u>	<u>24,330</u>	<u>7,249</u>
Cash Balance - June 30, 1998*	<u>\$ 2,409,082</u>	<u>\$ 1,878,585</u>	<u>\$ 7,641</u>	<u>\$ 40,371</u>

* Cash Balance Includes Investments

The accompanying notes are an integral part of the financial statements.

MONTGOMERY COUNTY
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH BALANCES
Fiscal Year Ended June 30, 1998
(Continued)

Regional Jail Commissary Fund	Local Government Economic Assistance Fund	Finneran Property Fund	Health and Civic Center Fund	Emergency Food and Shelter Fund	Juvenile Justice Fund
\$	\$ 94,823	\$ 4,523	\$ 133,946	\$ 13,087	\$ 11,485 78,249
95,632					
\$ 95,632	\$ 94,823	\$ 4,523	\$ 133,946	\$ 13,087	\$ 89,734
\$	\$ 59,682	\$ 3,270	\$ 103,966	\$ 8,927	\$ 89,734
93,145					
\$ 93,145	\$ 59,682	\$ 3,270	\$ 103,966	\$ 8,927	\$ 89,734
\$ 2,487	\$ 35,141	\$ 1,253	\$ 29,980	\$ 4,160	\$ 0
62,362	3,967	81,202	195,140	0	0
\$ 64,849	\$ 39,108	\$ 82,455	\$ 225,120	\$ 4,160	\$ 0

The accompanying notes are an integral part of the financial statements.

MONTGOMERY COUNTY
 STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN CASH BALANCES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Revolving Loan Fund	Fire Acres Fund	Community Development Block Grant Fund
<u>Cash Receipts</u>			
Schedule of Operating Revenue	\$ 70,730	\$ 173	\$ 2,000
Transfers In			
Kentucky Advance Revenue Program			
Jail Commissary Fund Receipts			
Total Cash Receipts	<u>\$ 70,730</u>	<u>\$ 173</u>	<u>\$ 2,000</u>
<u>Cash Disbursements</u>			
Comparative Schedule of Final Budget and Budgeted Expenditures	\$ 23,174	\$	\$ 2,000
Transfers Out			
Jail Capital Lease Obligation Principal			
Annex Capital Lease Obligation Principal			
Kentucky Advance Revenue Program Repaid			
Jail Commissary Fund Expenditures			
Total Cash Disbursements	<u>\$ 23,174</u>	<u>\$ 0</u>	<u>\$ 2,000</u>
Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements	\$ 47,556	\$ 173	\$ 0
Cash Balance - July 1, 1997*	<u>19,064</u>	<u>0</u>	<u>0</u>
Cash Balance - June 30, 1998*	<u><u>\$ 66,620</u></u>	<u><u>\$ 173</u></u>	<u><u>\$ 0</u></u>

* Cash Balance Includes Investments

The accompanying notes are an integral part of the financial statements.

MONTGOMERY COUNTY
NOTES TO FINANCIAL STATEMENTS

June 30, 1998

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statements of Montgomery County include the funds, agencies, boards, and entities for which the fiscal court is financially accountable. Financial accountability, as defined by Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, as amended by GASB 14, was determined on the basis of the government's ability to significantly influence operations, select the governing authority, participate in fiscal management and the scope of public service. Based upon the application of the criteria stated in GASB 14, there are no component units which merit consideration as part of the reporting entity.

B. Fund Accounting

Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The government uses funds to report on its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts.

C. Basis of Accounting

The financial statements were prepared on a cash basis of accounting pursuant to Kentucky Revised Statute (KRS) 68.210 as recommended by the State Local Finance Officer. Consequently, certain revenues and related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when a liability is incurred. The cash basis accounting system does not require an entity to maintain a general fixed asset group or a general long-term debt group of accounts.

D. Legal Compliance - Budget

The Montgomery County budget is adopted on a cash basis of accounting and laws of Kentucky as required by the State Local Finance Officer. The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

E. Cash and Investments

Cash includes amounts in bank accounts, and investments are stated at cost. Investments may include certificates of deposit on the financial statements; however, for the purpose of disclosing credit risk (Note 3), investments exclude certificates of deposit.

MONTGOMERY COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 1998
(Continued)

Note 1. (Continued)

E. Cash and Investments (Continued)

KRS 66.480 authorizes the county to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

F. Related Organizations

A related organization is an entity for which a primary government is not financially accountable. It does not impose will or have a financial benefit or burden relationship, even if the primary government appoints a voting majority of the related organization's governing board. Based on these criteria, the following are considered related organizations of Montgomery County Fiscal Court: Tourism Commission, Parks and Recreation, Water Districts, and Sanitation District #1 and #2.

Note 2. Employee Retirement System

The county has elected to participate in the County Employees Retirement System (CERS) pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system which covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 8.65 percent.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report.

Note 3. Deposits

The county maintains deposits with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to law, the depository institution should pledge sufficient securities as collateral which, together with FDIC insurance, equals or exceeds the amount on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge of securities should be evidenced by an agreement that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. This agreement, signed by both parties, must

MONTGOMERY COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 1998
(Continued)

Note 3. Deposits (Continued)

be sufficient to create an enforceable and perfected security interest in the collateral under Kentucky law. As of June 30, 1998, the bank balances were fully insured or collateralized with securities held by the county's agent in the county's name. However, as of May 15, 1998, the uncollateralized amount on deposit was \$163,413. The pledged securities and FDIC insurance did not equal or exceed the amount on deposit. In addition, the county did not have a written agreement with the depository institution.

The county's deposits are categorized below to give an indication of the level of risk assumed by the county as of May 15, 1998.

	<u>Bank Balance</u>
Collateralized with securities held by pledging depository institution in the county's name	\$ 2,573,422
Uncollateralized and uninsured	<u>163,413</u>
Total	<u>\$ 2,736,835</u>

Note 4. Long-Term Debt

- A. The Kentucky Local Correctional Facilities Construction Authority (Authority), an independent corporate agency and instrumentality of the Commonwealth of Kentucky, issues revenue bonds for the purpose of construction and reconstruction of jail facilities. The Authority issued \$3,980,885 of revenue bonds at various interest rates, of which the county has agreed to pay \$961,340 principal and a proportional share of interest on the issue. Revenue bonds outstanding as of June 30, 1998, totaled \$759,017. Debt service requirements due in fiscal year ended June 30, 1999, are principal of \$26,103, and interest of \$47,301.

<u>Fiscal Year</u>	<u>Principal Payment</u>	<u>Interest Payment</u>
1998-1999	\$ 26,103.23	\$ 47,301.18
1900-2000	27,757.35	\$ 45,713.56
2000-2001	29,517.42	\$ 43,777.71
2001-2002	31,389.10	\$ 41,846.69
2002-2003	33,379.47	\$ 39,793.22
Thereafter	<u>610,870.43</u>	
Total Principal	<u>\$ 759,017.00</u>	

MONTGOMERY COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 1998
(Continued)

Note 4. Long Term Debt (Continued)

- B. The county entered into a lease agreement on June 2, 1995, with Kentucky Association of Counties Leasing Trust for renovation of the courthouse annex. The original principal was \$750,000. The interest rate is 4 percent and termination date is June 1, 2005. The principal outstanding as of June 30, 1998, is \$549,451. Debt service requirements due in fiscal year ended June 30, 1999, are principal of \$ 69,427, and interest of \$ 21,023.

<u>Fiscal Year</u>	<u>Principal Payment</u>	<u>Interest Payment</u>
1998-1999	\$ 69,426.72	\$ 21,023.05
1900-2000	72,677.20	\$ 18,201.01
2000-2001	76,076.59	\$ 15,246.95
2001-2002	79,643.99	\$ 12,134.73
2002-2003	83,359.79	\$ 8,917.87
Thereafter	<u>168,266.71</u>	
Total Principal	<u>\$ 549,451.00</u>	

Note 6. Insurance

For the fiscal year ended June 30, 1998, Montgomery County was a member of the Kentucky Association of Counties' All Lines Insurance Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of a collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

COMPARATIVE SCHEDULE OF
BUDGETED TO ACTUAL OPERATING REVENUE

MONTGOMERY COUNTY
COMPARATIVE SCHEDULE OF
BUDGETED TO ACTUAL OPERATING REVENUE

Fiscal Year Ended June 30, 1998

<u>Budgeted Funds</u>	<u>Budgeted Operating Revenue</u>	<u>Actual Operating Revenue</u>	<u>Over (Under) Budget</u>
General Fund	\$ 2,720,775	\$ 3,214,032	\$ 493,257
Road and Bridge Fund	921,321	926,013	4,692
Regional Jail Fund	1,075,965	1,220,155	144,190
Local Government Economic Assistance Fund	76,612	94,823	18,211
Finneran Property Fund	4,500	4,523	23
Health and Civic Center Fund	131,361	133,946	2,585
Emergency Food and Shelter Fund	10,000	13,087	3,087
Juvenile Justice Fund	17,310	11,485	(5,825)
Revolving Loan Fund	69,998	70,730	732
Fire Acres Fund		173	173
Community Development Block Grant Fund	2,000	2,000	
Totals	<u>\$ 5,029,842</u>	<u>\$ 5,690,967</u>	<u>\$ 661,125</u>

Reconciliation

Total Budgeted Operating Revenue Above	\$ 5,029,842
Add: Budgeted Prior Year Surplus	1,828,651
Less: Other Financing Uses	<u>(88,424)</u>
Total Operating Budget Per Comparative Schedule Of Final Budget and Budgeted Expenditures	<u>\$ 6,770,069</u>

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SCHEDULE OF OPERATING REVENUE

MONTGOMERY COUNTY
SCHEDULE OF OPERATING REVENUE

Fiscal Year Ended June 30, 1998

	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Regional Jail Fund
<u>Revenue From Local Taxes</u> <u>and Excess Fees</u>				
Sheriff:				
Taxes	\$ 380,734	\$ 380,561	\$	\$
Tangible Personal Property	80,044	80,044		
Solid Waste Taxes	48,795	48,795		
Advertising Fees	543	543		
County Clerk:				
Deed Transfer Tax	47,107	47,107		
Delinquent Taxes	11,430	11,430		
Excess Fees - 1997	187,709	187,709		
Tangible Personal Property Taxes:				
Other Counties	53,701	53,701		
County Clerk	94,209	94,209		
Occupational Employment Tax	1,381,232	1,381,232		
Bank Franchise Taxes	64,311	64,311		
Net Profits Taxes	318,244	318,244		
OVA Franchise Taxes	20,617	20,617		
Franchise Taxes - Other	21,249	21,249		
Totals	<u>\$ 2,709,925</u>	<u>\$ 2,709,752</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>U.S. Treasurer</u>				
Housing Prisoners	<u>\$ 4,924</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 4,924</u>
<u>Federal Receipts - State Treasurer</u>				
Community Development Block Grant	\$ 2,000	\$	\$	\$
Disaster and Emergency Assistance Grant - 1997 Flood Relief	<u>170,063</u>		<u>170,063</u>	
Total	<u>\$ 172,063</u>	<u>\$ 0</u>	<u>\$ 170,063</u>	<u>\$ 0</u>

[illegible]

MONTGOMERY COUNTY
 SCHEDULE OF OPERATING REVENUE
 Fiscal Year Ended June 30, 1998
 (Continued)

	Fire Acres Fund	Community Development Block Grant Fund
<u>Revenue From Local Taxes</u> <u>and Excess Fees</u>		
Sheriff:		
Taxes	\$ 173	\$
Tangible Personal Property		
Solid Waste Taxes		
Advertising Fees		
County Clerk:		
Deed Transfer Tax		
Delinquent Taxes		
Excess Fees - 1997		
Tangible Personal Property Taxes:		
Other Counties		
County Clerk		
Occupational Employment Tax		
Bank Franchise Taxes		
Net Profits Taxes		
OVA Franchise Taxes		
Franchise Taxes - Other		
Totals	<u>\$ 173</u>	<u>\$ 0</u>
<u>U.S. Treasurer</u>		
Housing Prisoners	<u>\$ 0</u>	<u>\$ 0</u>
<u>Federal Receipts - State Treasurer</u>		
Community Development Block Grant	\$	\$ 2,000
Disaster and Emergency Assistance Grant - 1997 Flood Relief		
Total	<u>\$ 0</u>	<u>\$ 2,000</u>

MONTGOMERY COUNTY
 SCHEDULE OF OPERATING REVENUE
 Fiscal Year Ended June 30, 1998
 (Continued)

	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Regional Jail Fund
<u>Kentucky State Treasurer</u>				
Jail:				
Allotments	\$ 94,333	\$	\$	\$ 94,333
Medical Allotments	16,076			16,076
Driving Under The Influence Fee	5,339			5,339
Housing State Prisoners	213,620			213,620
Court Costs, Jail Operation	9,815			9,815
Jail Contract with Other Counties	312,777			312,777
Housing Juveniles	49,012			49,012
Class D Felons	404,660			404,660
County Road Aid	542,202		542,202	
Jeffersonville Road Money	15,799		15,799	
Truck License Distribution	151,651		151,651	
Recouped Public Defender Fees	9,440	9,440		
Juvenile Reimbursement	11,485			
State Rent on Health Center	78,081			
Refunds:				
Legal Process Tax	159	159		
Drivers License	3,466		3,466	
Dog License	5,990	5,990		
Tax Preparation	2,889	2,889		
Severance Taxes:				
Coal	39,745			
Mineral	55,078			
Disaster and Emergency Services Reimbursement	7,757	7,757		
Totals	\$ 2,029,374	\$ 26,235	\$ 713,118	\$ 1,105,632
<u>Miscellaneous Revenue</u>				
Interest	\$ 181,120	\$ 165,984	\$	\$
Circuit Court Clerk:				
Work Release	9,689			9,689
Bond Acceptance Fee -Jail	9,955			9,955

MONTGOMERY COUNTY
 SCHEDULE OF OPERATING REVENUE
 Fiscal Year Ended June 30, 1998
 (Continued)

Local Government Economic Assistance Fund	Finneran Property Fund	Health and Civic Center Fund	Emergency Food and Shelter Fund	Juvenile Justice Fund	Revolving Loan Fund
\$	\$	\$	\$	\$	\$
				11,485	
		78,081			
39,745 55,078					
<u>\$ 94,823</u>	<u>\$ 0</u>	<u>\$ 78,081</u>	<u>\$ 0</u>	<u>\$ 11,485</u>	<u>\$ 0</u>
\$	\$ 4,523	\$ 9,405	\$	\$	\$ 1,208

MONTGOMERY COUNTY
 SCHEDULE OF OPERATING REVENUE
 Fiscal Year Ended June 30, 1998
 (Continued)

	Fire Acres Fund	Community Development Block Grant Fund
<u>Kentucky State Treasurer</u>		
Jail:		
Allotments	\$	\$
Medical Allotments		
Driving Under The Influence Fee		
Housing State Prisoners		
Court Costs, Jail Operation		
Jail Contract with Other Counties		
Housing Juveniles		
Class D Felons		
County Road Aid		
Jeffersonville Road Money		
Truck License Distribution		
Recouped Public Defender Fees		
Juvenile Reimbursement		
State Rent on Health Center		
Refunds:		
Legal Process Tax		
Drivers License		
Dog License		
Tax Preparation		
Severance Taxes:		
Coal		
Mineral		
Disaster and Emergency Services		
Reimbursement		
Totals	\$ 0	\$ 0

Miscellaneous Revenue

Interest	\$	\$
Circuit Court Clerk:		
Work Release		
Bond Acceptance Fee -Jail		

MONTGOMERY COUNTY
 SCHEDULE OF OPERATING REVENUE
 Fiscal Year Ended June 30, 1998
 (Continued)

	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Regional Jail Fund
<u>Miscellaneous Revenue</u>				
(Continued)				
Jail:				
Telephone Commission Refunds	\$ 18,882	\$	\$	\$ 18,882
Juvenile Reimbursement	9,925	9,925		
Medical Reimbursement- Jail	50,987			50,987
Board of Supervisors	250	250		
Courthouse Rental	66,210	66,210		
Insurance Reimbursement	10,041	10,041		
Licenses and Permits:				
Building Permits	16,585	16,585		
Solid Waste Truck Permit	2,900	2,900		
Gateway Health Rent	30,361			
Ambulance District	25,000	25,000		
Rent	9,766			
Charges for Services:				
Emergency 911 Fees	109,840	109,840		
Vending Machines	7,973	5,353		2,620
Telephone Commissions - Other	6,691	1,295		
Surplus Auction	30,082	2,450	27,632	
Annex Rental	29,430	29,430		
Miscellaneous Items	148,994	32,782	15,200	17,466
Totals	\$ 774,681	\$ 478,045	\$ 42,832	\$ 109,599
Total Operating Revenue	\$ 5,690,967	\$ 3,214,032	\$ 926,013	\$ 1,220,155

MONTGOMERY COUNTY
SCHEDULE OF OPERATING REVENUE
Fiscal Year Ended June 30, 1998
(Continued)

Local Government Economic Assistance Fund	Finneran Property Fund	Health and Civic Center Fund	Emergency Food and Shelter Fund	Juvenile Justice Fund	Revolving Loan Fund
\$	\$	\$	\$	\$	\$
		30,361			
		9,766			
		5,396			
		937	13,087		69,522
\$ 0	\$ 4,523	\$ 55,865	\$ 13,087	\$ 0	\$ 70,730
\$ 94,823	\$ 4,523	\$ 133,946	\$ 13,087	\$ 11,485	\$ 70,730

MONTGOMERY COUNTY
 SCHEDULE OF OPERATING REVENUE
 Fiscal Year Ended June 30, 1998
 (Continued)

	Fire Acres Fund	Community Development Block Grant Fund
<u>Miscellaneous Revenue</u> (Continued)		
Jail:		
Telephone Commission Refunds	\$	\$
Juvenile Reimbursement		
Medical Reimbursement- Jail		
Board of Supervisors		
Courthouse Rental		
Insurance Reimbursement		
Licenses and Permits:		
Building Permits		
Solid Waste Truck Permit		
Gateway Health Rent		
Ambulance District		
Rent		
Charges for Services:		
Emergency 911 Fees		
Vending Machines		
Telephone Commissions - Other		
Surplus Auction		
Annex Rental		
Miscellaneous Items		
Totals	\$ 0	\$ 0
Total Operating Revenue	\$ 173	\$ 2,000

COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES

MONTGOMERY COUNTY
COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES

Fiscal Year Ended June 30, 1998

	<u>Final Budget</u>	<u>Budgeted Expenditures</u>	<u>Under (Over) Budget</u>
<u>GENERAL FUND</u>			
<u>General Government</u>			
Office of County Judge/Executive:			
Salaries-			
County Judge/Executive	\$ 48,312	\$ 48,312	\$
Administrative Assistant	28,560	28,560	
Secretaries	17,235	17,235	
Other Salaries	1,000		1,000
Office Materials and Supplies	5,000	1,163	3,837
New Office Equipment	6,000	3,985	2,015
County Judge/Administrative Assistant	4,000	2,755	1,245
Expenses			
Computer Maintenance	2,000		2,000
Office of County Attorney:			
Salaries-			
County Attorney	15,290	15,290	
Assistant County Attorney	15,000	15,000	
Secretaries	9,440	9,440	
Telephone	2,500	2,012	488
Office of County Clerk:			
County Clerk Salary	48,312	48,312	
Micro-Film	1,000	147	853
Office Materials and Supplies	15,000	11,765	3,235
Printing and Binding	5,000	2,638	2,362
New Office Equipment	8,000	2,582	5,418
Tax Bill Preparation	8,693	8,693	

MONTGOMERY COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND (Continued)</u>			
<u>General Government (Continued)</u>			
Office of Sheriff:			
Salaries-			
Sheriff	\$ 48,313	\$ 48,313	\$
Deputies	159,135	159,132	3
Community Security	4,452	3,164	1,288
Advertising Tax Bills	2,848	2,848	
Maintenance	9,500	9,331	169
Materials and Supplies	4,700	4,659	41
New Equipment	10,600	10,600	
Telephone	1,805	1,805	
Uniforms	2,095	2,016	79
Office of County Coroner:			
County Coroner Salary	9,582	9,582	
Fees	9,000	8,163	837
Fiscal Court:			
Magistrates-			
Salaries	18,096	18,096	
Expense Allowance	10,800	10,800	
Advertising and Legal	3,000	1,803	1,197
Postage	15,000	12,926	2,074
Other Expenses	3,000	2,756	244
Miscellaneous	1,000	857	143
Fiscal Court Clerk Salary	2,400	2,400	
Office of Property Valuation Administrator:			
Statutory Contribution	27,500	27,400	100
Office of Board of Assessment Appeals:			
Per Diem	1,000	500	500

MONTGOMERY COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	<u>Final Budget</u>	<u>Budgeted Expenditures</u>	<u>Under (Over) Budget</u>
<u>GENERAL FUND (Continued)</u>			
<u>General Government (Continued)</u>			
Office of County Treasurer:			
Salaries-			
County Treasurer	\$ 28,560	\$ 28,560	\$
Other Salaries	8,097	8,097	
Returned Checks	300	250	50
Refund Property Tax Overpayment	2,175	2,175	
Office Materials and Supplies	3,304	3,141	163
New Office Equipment	16,800	16,143	657
Other Expenses	1,700	1,628	72
Office of Tax Administration:			
Tax Director Salary	15,425	15,425	
Office Materials and Supplies	1,773	1,007	766
Refunds	19,227	19,227	
County Law Library:			
Law Librarian Salary	1,200	1,200	
Elections:			
Per Diem-			
Election Commissioners	1,825	1,825	
Election Officers	8,700	8,616	84
Printing and Advertising	8,800	8,738	62
Materials and Supplies	9,675	2,453	7,222
Poll Rental	250	100	150
Voting Machines	30,240	30,240	
Economic Development:			
Contribution	60,000	60,000	
Montgomery County Industrial Development	255,000	140,435	114,565

MONTGOMERY COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND (Continued)</u>			
<u>General Government (Continued)</u>			
Courthouse:			
Janitor Salary	\$ 42,400	\$ 33,648	\$ 8,752
Maintenance	20,000	19,020	980
Utilities	35,000	19,046	15,954
Improvements or New Construction	50,000	6,855	43,145
Materials and Supplies	6,000	3,629	2,371
New Equipment	5,000	649	4,351
Other County Properties:			
Maintenance	2,160	2,160	
Annex Building:			
Custodian Salary	15,000	11,858	3,142
Materials and Supplies	5,000	3,025	1,975
Maintenance	20,000	18,120	1,880
Capital Improvements	50,000	36,616	13,384
Utilities	35,000	31,418	3,582
<u>Protection to Persons and Property</u>			
County Surveyor:			
Expenses	3,000		3,000
Building Code Enforcement:			
Salaries	26,195	26,195	
County Building Inspections	5,000	4,086	914
Disaster and Emergency Services:			
Salaries-			
Director	14,310	14,310	
Automobile	3,300	3,260	40
Emergency Materials and Supplies	1,950	1,728	222
Office Materials and Supplies	500	34	466
Travel	1,000		1,000
Telephone and Utilities	1,950	1,684	266

MONTGOMERY COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND (Continued)</u>			
<u>Protection to Persons and Property</u> (Continued)			
Ambulance Service:			
Salaries	\$ 3,000	\$ 3,000	\$
Emergency 911 Coordinator	1,500	565	935
Emergency 911 Charge	45,000	44,547	453
Ambulance Grant	10,000		10,000
Repairs and Maintenance	15,500	15,347	153
Travel Reimbursements	500	281	219
Forestry Fire Protection:			
Kentucky State Treasurer	650	624	26
Drug Enforcement:			
Narcotics Task Force	7,000	6,640	360
Office of Public Defender:			
Contribution	2,445	2,445	
<u>General Health and Sanitation</u>			
Dog Control:			
Salaries:			
Dog Warden	24,857	24,857	
Other Salaries	5,598	5,597	1
Maintenance	8,000	2,163	5,837
Operations	8,000	3,945	4,055
Supplies	3,000	1,659	1,341
Telephone	2,000	1,609	391
Truck Expense	1,500	443	1,057
Vehicle Purchase	10,500	10,500	
Animal Shelter	10,000	4,466	5,534
Sanitary Landfill:			
Contract	24,000	23,081	919
109 Board:			
Board and Committee Member Fees	2,500	1,625	875

MONTGOMERY COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND (Continued)</u>			
<u>General Health and Sanitation (Continued)</u>			
Solid Waste Collection:			
Contracted Services	\$ 25,415	\$ 25,415	\$
Operating Expenses	8,000	7,362	638
Vehicle Purchase	11,096	11,096	
Dead Animals:			
Removal	14,928	14,928	
Soil And Water Conservation:			
Contribution	16,803	16,800	3
<u>Social Services</u>			
Mental Health Evaluations:			
Contribution	4,200	4,168	32
Drug Testing	1,800	1,399	401
Senior Citizens Program:			
Contribution	27,000	27,000	
Public Advocacy Programs:			
Legal Fees	32,000		32,000
Cemeteries and Memorials:			
Pauper Burials	2,500	1,900	600
Other Social Service Programs:			
JOBS Program	1,000	1,000	
DOVES Program	1,500	1,500	
<u>Recreation and Culture</u>			
Parks:			
Camargo and Jeffersonville Parks	20,000	8,710	11,290

MONTGOMERY COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	<u>Final Budget</u>	<u>Budgeted Expenditures</u>	<u>Under (Over) Budget</u>
<u>GENERAL FUND (Continued)</u>			
<u>Recreation and Culture (Continued)</u>			
Airport:			
Contribution	\$ 25,000	\$ 24,996	\$ 4
Other Recreation Programs:			
Recreation Commissioner	40,000	39,996	4
Tourism Commissioner	10,000	10,000	
<u>Debt Service</u>			
Borrowed Money:			
Kentucky Advanced Revenue Program- Interest	45,000	40,169	4,831
Lease:			
Other Financing Uses:			
Interest	30,856	24,900	5,956
<u>Administration</u>			
General Services:			
Auditing Services	29,200	29,200	
Bonds	6,000	4,635	1,365
KALF Assessment	17,160	16,697	463
Liability Insurance	77,000	54,307	22,693
Memberships:			
ADD	4,000	3,668	332
KACO	900	900	
Other	5,780	2,742	3,038
Publications	283	242	41
Registrations, Conferences, and Training	2,820	2,820	
Trustee's Lunches	4,000	3,665	335
Vending Machines	4,817	4,817	
Contingent Appropriations:			
Reserve for Transfers	273,069		273,069

MONTGOMERY COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND (Continued)</u>			
<u>Administration (Continued)</u>			
Payroll Tax:			
City Allocation	\$ 679,229	\$ 679,229	\$
Fringe Benefits:			
County Contributions-			
Social Security	40,000	33,814	6,186
Retirement	40,000	38,827	1,173
Health Insurance	50,000	49,829	171
Worker's Compensation	25,000	12,777	12,223
Unemployment Insurance	4,000	2,543	1,457
Total Operating Budget	\$ 3,165,890	\$ 2,497,086	\$ 668,804
Other Financing Uses:			
Annex Capital Lease Obligations-			
Principal	66,718	66,718	
Kentucky Advance Revenue Program-			
Principal	1,878,740	1,878,740	
Total General Fund	\$ 5,111,348	\$ 4,442,544	\$ 668,804

ROAD AND BRIDGE FUND

Roads

Office of Road Supervisor/Engineer:			
Road Supervisor Salary	\$ 36,950	\$ 36,950	\$
Road Maintenance:			
Salaries-			
Road Foreman			
Road Labor	300,000	277,627	22,373
Mechanic			
Equipment	62,993	62,993	
Garage Supplies	4,634	4,578	56
Gasoline	39,500	27,006	12,494

MONTGOMERY COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>ROAD AND BRIDGE FUND (Continued)</u>			
<u>Roads (Continued)</u>			
Road Maintenance: (Continued)			
General Construction Materials	\$ 915,375	\$ 713,944	\$ 201,431
Machinery and Equipment-			
Repairs	42,007	35,913	6,094
New Road Machinery	85,578	85,578	
Signs	5,366	5,366	
Salt	9,000	7,764	1,236
Tools	5,000	3,217	1,783
Utilities	15,000	11,918	3,082
Uniforms	15,000	8,097	6,903
Other Materials and Supplies	1,000	433	567
<u>Administration</u>			
Fringe Benefits:			
County Contributions-			
Retirement	28,500	27,212	1,288
Social Security	27,500	22,428	5,072
Health Insurance	40,953	40,823	130
Worker's Compensation	18,047	18,047	
Unemployment Insurance	3,500	2,808	692
Total Road and Bridge Fund	<u>\$ 1,655,903</u>	<u>\$ 1,392,702</u>	<u>\$ 263,201</u>

JAIL FUND

Protection to Persons and Property

Office of Jailer:

Personnel Services-

Salaries-

Jailer	\$ 48,312	\$ 48,312	\$
Jail Personnel	476,768	472,838	3,930
Medical Personnel	8,175	7,611	564
Food Service Personnel	40,000	39,893	107
Administrative Personnel	30,562	30,499	63

MONTGOMERY COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>JAIL FUND (Continued)</u>			
<u>Protection to Persons and Property</u>			
<u>(Continued)</u>			
Office of Jailer: (Continued)			
Operations-			
Cleaning Supplies	\$ 18,000	\$ 16,592	\$ 1,408
Food	134,193	134,193	
Jail Linens	3,000	2,835	165
Office Supplies	6,575	6,575	
Prisoner Clothing	1,926	541	1,385
Prisoner Hygiene	3,500	2,399	1,101
Routine Medical	119,985	119,985	
Staff Uniforms	5,500	5,449	51
Staff Travel	6,000	5,995	5
Telephone	4,774	4,774	
Utilities	72,647	72,647	
Vehicle	5,000	3,846	1,154
Housing Prisoners - Other Counties	1,500	1,276	224
Miscellaneous Operating Expenses	2,377	2,377	
Maintenance-			
Building Repairs	27,500	26,713	787
Equipment Repairs	12,500	11,484	1,016
Pest Control	300	280	20
Equipment-			
Data Processing	178		178
Food Service	1,817	766	1,051
Law Enforcement	1,622	1,622	
Other Equipment	5,000	2,042	2,958
<u>Debt Service</u>			
Lease:			
Other Financing Uses:			
Interest	52,526	48,906	3,620

MONTGOMERY COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>JAIL FUND (Continued)</u>			
<u>Administration</u>			
General Services:			
Insurance- Building and Contents	\$ 3,500	\$ 2,096	\$ 1,404
Dues	565	500	65
Staff Training	1,000	463	537
Fringe Benefits:			
County Contributions-			
Retirement	51,000	43,930	7,070
Social Security	45,000	42,660	2,340
Health Insurance	70,252	70,252	
Worker's Compensation	29,872	14,739	15,133
Unemployment Insurance	6,000	4,897	1,103
Total Operating Budget	\$ 1,297,426	\$ 1,249,987	\$ 47,439
Other Financing Uses:			
Jail Capital Lease Obligations-			
Principal	21,706	24,546	(2,840)
Total Jail Fund	\$ 1,319,132	\$ 1,274,533	\$ 44,599
<u>LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND</u>			
<u>Capital Projects</u>			
Road Construction	\$ 80,579	\$ 59,682	\$ 20,897
<u>FINNERAN PROPERTY FUND</u>			
<u>Capital Projects</u>			
Buildings:			
Other Capital Outlay	\$ 10,702	\$ 3,270	\$ 7,432

MONTGOMERY COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>FINNERAN PROPERTY FUND (Continued)</u>			
<u>Administration</u>			
Contingent Appropriations:			
Reserve for Transfer	\$ 75,000	\$	\$ 75,000
Total Finneran Property Fund	\$ 85,702	\$ 3,270	\$ 82,432
<u>HEALTH AND CIVIC CENTER FUND</u>			
<u>General Health and Sanitation</u>			
Health Programs:			
Custodian	\$ 45,000	\$ 34,154	\$ 10,846
Capital Improvements	50,000	9,981	40,019
Maintenance	15,000	14,767	233
Supplies	5,633	4,815	818
Utilities	27,000	24,606	2,394
Vending Machines	3,867	3,867	
Miscellaneous	1,000	96	904
<u>Administration</u>			
Contingent Appropriations:			
Reserve for Transfers	115,761		115,761
Fringe Benefits:			
County Contribution-			
Retirement	4,500	2,861	1,639
Social Security	4,000	2,431	1,569
Health Insurance	6,400	6,388	12
Unemployment Insurance	600		600
Worker's Compensation	2,600		2,600
Total Health and Civic Center Fund	\$ 281,361	\$ 103,966	\$ 177,395

MONTGOMERY COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>EMERGENCY FOOD AND SHELTER FUND</u>			
<u>Social Services</u>			
General Welfare	\$ 10,000	\$ 8,927	\$ 1,073
<u>JUVENILE JUSTICE FUND</u>			
<u>Protection to Persons and Property</u>			
Juvenile Detention:			
Lodging	\$ 99,310	\$ 87,375	\$ 11,935
Medical Services	1,000	931	69
Travel	2,000	1,428	572
Total Juvenile Justice Fund	\$ 102,310	\$ 89,734	\$ 12,576
<u>REVOLVING LOAN FUND</u>			
<u>Debt Service</u>			
Revolving Loan:			
Jeffersonville Loan	\$ 23,174	\$ 23,174	\$
Other	65,724		65,724
Total Revolving Loan Fund	\$ 65,724	\$	\$ 65,724
<u>COMMUNITY DEVELOPMENT BLOCK GRANT FUND</u>			
<u>Administration</u>			
Administration Fees	\$ 2,000	\$ 2,000	\$ 0

MONTGOMERY COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	<u>Final Budget</u>	<u>Budgeted Expenditures</u>	<u>Under (Over) Budget</u>
Total Operating Budget - All Funds	\$ 6,746,895	\$ 5,407,354	\$ 1,339,541
Other Financing Uses:			
Capital Lease Obligations- Principal	88,424	91,264	(2,840)
Kentucky Advance Revenue Program- Principal	<u>1,878,740</u>	<u>1,878,740</u>	<u> </u>
TOTAL BUDGET - ALL FUNDS	<u>\$ 8,714,059</u>	<u>\$ 7,377,358</u>	<u>\$ 1,336,701</u>

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



Edward B. Hatchett, Jr. Auditor of Public Accounts

Honorable B. D. Wilson, County Judge/Executive
Members of the Montgomery County Fiscal Court

Report On Compliance And On Internal Control Over Financial Reporting Based On An Audit Of Financial Statements Performed In Accordance With Government Auditing Standards

We have audited the financial statements of Montgomery County Kentucky, as of and for the year ended June 30, 1998, and have issued our report thereon dated April 12, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Montgomery County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Montgomery County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Honorable B. D. Wilson, County Judge/Executive
Members of the Montgomery County Fiscal Court
Report On Compliance And On Internal Control Over Financial Reporting Based On An
Audit Of Financial Statements Performed In Accordance With Government Auditing Standards
(Continued)

This report is intended for the information of management. However, this report, upon release by the Auditor of Public Accounts, is a matter of public record and its distribution is not limited.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
April 12, 1999

COMMENT AND RECOMMENDATION

MONTGOMERY COUNTY
COMMENT AND RECOMMENDATION

Fiscal Year Ended June 30, 1998

NONCOMPLIANCES

The County Should Have Required Depository Institutions To Pledge Additional Securities Of \$163,413 As Collateral And Entered Into A Written Agreement To Protect Deposits

The county's deposits were not adequately secured by \$163,413 as of May 15, 1998. Under provisions of KRS 66.480(1)(d) and KRS 41.240(4), banks are required to provide pledges of securities for interest-bearing and noninterest-bearing deposits if either exceeds the \$100,000 amount of insurance coverage provided by the Federal Deposit Insurance Corporation. The county should require the depository institution to pledge sufficient securities as collateral to insure deposits at all times. We also recommend the county enter into a written agreement with the depository institution. This agreement, signed by both parties, must be sufficient to create an enforceable and perfected security interest in the collateral under Kentucky law. According to federal law, 12 U.S.C.A. § 1823(e), this agreement should be (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution.

Management's Response:

Written agreement with Community Trust Bank will be approved by the Fiscal Court at 4/20/99 meeting.

PRIOR YEAR FINDINGS

The County Should Require The Depository Institution To Pledge Sufficient As Collateral And Enter Into A Written Pledge Agreement to Protect Deposits.

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CERTIFICATION OF COMPLIANCE – LOCAL
GOVERNMENT ECONOMIC ASSISTANCE AND DEVELOPMENT PROGRAMS

MONTGOMERY COUNTY FISCAL COURT

Fiscal Year Ended June 30, 1998

Appendix A

CERTIFICATION OF COMPLIANCE

LOCAL GOVERNMENT ECONOMIC ASSISTANCE AND DEVELOPMENT PROGRAM

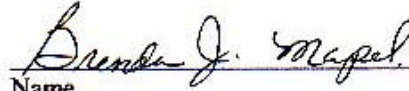
MONTGOMERY COUNTY FISCAL COURT

The Montgomery County Fiscal Court hereby certifies that assistance received from the Local Government Economic Development Program and Local Government Economic Assistance Program was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.



Name

County Judge/Executive



Name

County Treasurer